

LNF & IHCIF Calculations Illustration

- Saginaw/Mt Pleasant in Bemidji area -

Given Data

- 2,036 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 33% = % Expenditures on purchased services, 67% = % expenditures in-house
- 104.7% = Cost index for purchasing health care in this geographic area
- 125.6% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

Cost Adjustment Calculations

- \$1,041 per person for purchased services = $33\% * 104.7\% * \$2,980$
- \$2,493 per person for in-house services = $67\% * 125.6\% * \$2,980$
- \$3,535 per person total = \$1,041 (purchase) + \$2,493 (in-house)
- **\$3,744 per person total** adjusted for health status = $\$3,535 * 105.9\%$
- **\$2,999 per person net cost** = $\$3,744 - \745 Other resources (M&M&PI)

Existing Expenditures (for 2,036 users excluding wrap-around and collections)

- \$700 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$848 per person for OU users** = $\$700 + \$94 + \$54$

LNF Calculation

- **22.7% Gross LNF** = $\$848$ (expenditures) / $\$3,744$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **28.3% Net LNF** = $\$848 / \$2,999$ net cost ($\$3,744 - \745 other)

IHCIF Allocation

- \$1,936,793 = \$ to raise LNF% from 28.3% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$67,555 Allocation** = $\$1,936,793$ needed for 60% * 3.488% IHCIF fraction

Saginaw/Mt Pleasant Unmet Needs

- **\$6,105,700 Net Total Need** = 2,036 users * \$2,999 net cost
- **\$4,379,073 Net Unmet Need** = $(100\% - 28.3\% \text{ LNF}) * 2,036 \text{ users} * \$2,999 \text{ net cost}$